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**AN EVOLUTION OF DEPARTMENT OF DEFENSE  
PLANNING, PROGRAMMING, AND BUDGETING SYSTEM:  
FROM SECDEF McNAMARA TO VCJCS OWENS**

BY

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AN EVOLUTION OF DEPARTMENT OF DEFENSE PLANNING, PROGRAMMING, AND BUDGETING SYSTEM:  
FROM SECDEF McNAMARA TO VCJCS OWENS

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## ABSTRACT

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The Planning, Programming and Budgeting System (PPBS), developed in 1961 by Rand Corporation economists for then Secretary of Defense Robert McNamara, has been the sole method used for defense resourcing. Has PPBS become an efficient and effective way of jointly assessing the Department of Defense's (DoD) requirements verses resources? This paper will trace the history of PPBS, from its' inception in 1961 until today, discuss the PPBS merits and pitfalls, and provide issues for consideration in modifying the current system. In order for the United States to ". . . remain an influential voice in international . . . military affairs" (National Security Strategy of February 1995), the military departments need to find a more corporate way to get the most from our declining defense resources.

## **INTRODUCTION**

The Planning, Programming, and Budgeting System (PPBS) has been used by the Department of Defense (DoD) since the early 1960's. Each of the military departments has used PPBS in the justification, documentation, and allocation process to receive their annual share of DoD resources. The original intent of PPBS was to link department missions to allocated resources. However, each department maintained its own method of analyzing and justifying resource requirements to meet the National Security Strategies. The implementation of PPBS, and ultimate changes over the years, has not fostered a more joint-service resourcing method that would be consistent with a trend to joint operations today. Instead, the services have continued to develop independent and incompatible systems.

This research effort will broadly discuss the history and evolution of PPBS in DoD, from its inception in 1961 under Secretary of Defense (SECDEF) Robert McNamara up to the current situation in 1996. The analysis includes an overview of the short-lived zero-based budgeting method, an assessment of the impact of the 1986 Defense Reorganization Act, and a discussion of the refocusing of the Joint Requirements Oversight Council (JROC). The paper concludes with some issues for consideration in modifying the PPBS, which could lead towards a more joint resource focused approach to the DoD budget.

### **PRE-PPBS . . . HISTORICAL FOUNDATIONS**

Prior to 1960 and the inception of PPBS, DoD budgeting focused on such areas as overhead, salaries and capital expenditures, not on the objectives or desired results to be obtained from allocated resources. The military departments developed their annual budgets in pursuit of their own interests, not from an overall defense perspective. They received little guidance from the SECDEF. The primary role of the SECDEF in the annual resource allocation was to divide DoD's budget ceilings among the military departments and reduce budgets if ceilings were exceeded. This was generally done by salami-slice cuts, rather than by means of programmatic reductions.

At the end of World War II (WWII), the United States was the dominant military and economic power in the world. To maintain this status, the U.S. needed a permanent and massive military establishment. Defense spending rose to over 40 percent of the Gross National Product (GNP) during WWII. For the next two decades after the war it still averaged close to 10 percent of GNP.<sup>1</sup> This continuous defense outlay required a substantial and unprecedented peacetime commitment of economic resources. Both the public and Congress persistently supported this defense spending. Yet there was no comprehensive system in place to ensure the individual services had full justification for the resources they received. They basically got what they asked for: "Military planning deals with numbers; of dollars in the budget;

of men and weapons; of ships sunk, aircraft and missiles destroyed, casualties suffered, prisoners taken and the so forth."<sup>2</sup> Yet military budget analysts were not required to tie these numbers to the resources the services received prior to the introduction of PPBS.

From the end of WWII to the Vietnam war the defense budgetary process was dominated by the President's assessment of national security objectives and military funding requirements:

For Truman, Eisenhower, and Kennedy administrations, executive dominance of the defense budgetary process was the norm. In Congress, there was a widespread agreement on according defense spending a privileged position. The principal check on defense spending was exercised by the president, and it was based upon the economic burden of defense spending.<sup>3</sup>

This WWII budgetary system had several weaknesses:

- o Decisions were made without a plan or desired end result.
- o Service budgets were independently prepared without consideration of the overall defense mission.
- o Once DoD distributed the budget ceiling, DoD made little to no effort to relook the service's budgets and balance them if needed during the execution year.
- o DoD budgeting focused only on the short term, on next year, rather than looking out five years and programming resources towards future goals and missions.
- o SECDEF's resource decision were subjected to very little systematic analysis.

o Services expected their fixed or "fair" share of defense resources year after year, regardless of any changed missions or programs.

The first SECDEF, James Forrestal, appointed in 1947, had little execution power. But when Robert McNamara took over in 1961, the services themselves defined the U.S. strategic posture, which was approved by the Armed Services and Appropriations Committees of Congress. Funds were accordingly appropriated:

The long process of bargaining for larger proportions of the total defense budget and for the acceptance of strategic doctrines that gave each service a satisfactory function was supervised by the secretary of defense through a series of ad hoc arrangements, culminating before 1961 in the Basic National Security Policy system. In 1958 the secretary of defense was given considerable executive power, but he lacked the information necessary to exercise this power, and the authority in military questions of the service spokesman and the Joint Chiefs further limited its use. McNamara and the Rand economists he brought into the Department of Defense needed all the executive power legally conferred on the secretary in order to introduce a rational defense organization. . . . After 1960 the statements accompanying the defense budgets were extremely long, detailed and technical.<sup>4</sup>

None the less, the defense budget continued to be handled separately from other federal spending bills. Congress, the armed service committees, and defense appropriations subcommittees made only minor changes to the defense budget submissions. It was an "insider's game." Rarely were the services challenged on their proclaimed needs for resources.<sup>5</sup>

### THE McNAMARA YEARS AND PPBS

With such high levels of peacetime military spending following WWII, the question of how to calculate and justify necessary defense resources became increasingly relevant. SECDEF McNamara acknowledged this need and brought the Rand Corporation economists into DoD to develop a new method of budgeting. The Rand Corporation methodologies of operations research and systems analysis developed new categories of output programs to better tie services' missions to their allocated resources. This new methodology gave birth to PPBS. The first defense budget based on these output categories or programs was prepared for fiscal year 1963 as a part of the fiscal years 1963-67 five-year defense plan.

McNamara saw the need for an output-oriented, well documented, systematically accountable system.

Although his output-oriented system was essential in order to apply cost-benefit studies to defense planning, McNamara did not see that it was quite such a crucial innovation: "By programming we simply mean the completion of costs and related data in terms of decisions that are to be made." . . . Almost alone among the senior Department of Defense heads, he stressed the cost element in the cost-benefit analyses. . . The performance of the Cost Reduction Program that he introduced into the Department of Defense took up quite a large part of each budget statement; whenever possible he also introduced procurement policies that encouraged efficiency on the part of the supplier, and he tried to bring some of the advantages of business into government purchasing.<sup>6</sup>

Consistent categories and programs there after became the basis for comparison under PPBS, which evolved rapidly once introduced by SECDEF McNamara and the Rand Corporation

economists. The mission-oriented outputs were first used to develop the force structure necessary to support military requirements. PPBS was developed to procure and operate the forces needed at the lowest possible costs.<sup>7</sup>

Charles Hitch, one of the original Rand Corporation PPBS developers, described PPBS as:

'a system which brings together, at one place and at one time, all of the relevant information that they (the secretary and his advisers) need to make sound decisions on the forward (defense) program and to control the execution of that program.' Centralization (being) the decision must be taken (meant) away from someone at a lower level in the hierarchy. PPBS gave the secretary of defense greatly increased power to make decisions on lower-order questions. . . McNamara's philosophy of management shows that he had the inclination to make use of his increased powers.<sup>8</sup>

PPBS suited the SECDEF's hands-on management style. SECDEF McNamara enjoyed keeping tight controls over the service chiefs and knowing all the details of the defense budget, although future SECDEFs exhibited different management styles. Regardless of the SECDEF's management style, PPBS survives and is still functioning today, some 35 years later.

Probably no SECDEF since McNamara has sought to exercise the degree of detailed control over the defense program and budget that he did. Since its inception, PPBS has been in a constant state of evolution. It has had to serve secretaries whose management philosophy and style favored centralized control and direction as well as those who preferred a more decentralized approach. However, the basic elements of the system--three phases, program and budget guidance to the services from the Secretary, OSD review of the service program and budget proposals, and the use of quantitative analysis to choose among competing programs--have remained.<sup>9</sup>

PPBS develops DoD budgeting through three phases: planning, programming and budgeting. The planning phase provides an

integrated multi-year overview to guide the development of the programs. The programming phase offers a multi-year perspective, while the budgeting phase focuses on the first year of any given program cycle. Secretary McNamara created the Office of Systems Analysis (OSA) to provide DoD the analysis and alternative reviews of the services' budget submissions.

Next, the Five-Year Defense Plan (FYDP) was created to provide the programmatic and multi-year look-ahead for the services to use in conjunction with PPBS. The FYDP divided all DoD resources into ten major force categories. These categories were further divided into Program Elements, the individual building blocks for PPBS development.

The Joint Chiefs of Staff (JCS) were responsible for the formal planning documents which were kept separate from the program and budget decisions developed by the OSA. That Office prepared a memorandum on each of the ten major force categories contained in the FYDP. The SECDEF reviewed these memorandum for the services' use in their planning and programming phases. The departments cost out their respective programs in an unconstrained manner because the PPBS did not set budget ceilings. It's not surprising, then, that the combined department inputs exceeded DoD's top-line fiscal guidance. From a top-down perspective, the SECDEF ultimately has the latitude to determine which programs will be included and excluded from the budget.

#### **INTERNAL AND EXTERNAL CHANGES TO PPBS**

**Internal changes within DoD.** In 1969, SECDEF Melvin Laird oversaw the first major change in PPBS. Under the new system, the OSA provided the services with budget ceilings, then reviewed their submissions. The OSA no longer issued independent program proposals. This change of having the services propose programs as opposed to OSA responding to programs, top-driven by OSD, has pretty much remained in place today. The extent and detail with which the department budgets have been reviewed by OSD have varied in accordance with each SECDEF's management style. The degree of detail and program controls contained in the departments' FYDP have also varied according to each SECDEF's management style.

The next change to PPBS was introduced under the Carter administration with SECDEF Ronald Brown: Zero-Based Budgeting (ZBB). Its goal was to more clearly define marginal programs. Using the banding approach, it ranked decision packages at three resource levels. ZBB gave the SECDEF and OSD more precise opportunities to alter the service programs.<sup>10</sup> Theoretically, the SECDEF had a list of programs and could start cutting from the bottom (lowest priority) up if Congress imposed any budgetary reductions. Unfortunately, ZBB was a cumbersome, unpopular program and fell out of favor when the Carter administration ended in 1981.

Another Rand Corporation study of PPBS in 1979 resulted in the formation of the Defense Resource Board (DRB), which consisted of the Chairman of the JCS and various Secretaries and Assistant Secretaries in OSD. Its mission was to identify major issues and programs submitted by the departments, subject to the SECDEF's review. The DRB was authorized to resolve lesser issues. Later, the Reagan administration expanded the DRB's membership to include the service secretaries. The Commanders-in-Chiefs of the Unified and Specified Commands (CINCs) were also allowed to brief the DRB on areas in their operational expertise.

All of the changes described above have resulted in less centralization at the SECDEF level for department resource decisions. In addition, there is more Congressional interest in the defense budget as DoD competes for federal funds along with domestic entitlement programs and the national debt. However, the PPBS still maintains unique department systems, and at this point has not kept pace with changes in military strategy.

**The Joint Requirements and Management Board (JMRB) and the Joint Requirements Oversight Council (JROC).** In March 1984, the Joint Chiefs of Staff created the Joint Requirements and Management Board (JRMB) to monitor and advise the Joint Chiefs on the development and acquisition of big-ticket defense items. In June 1986, the JRMB was renamed the Joint Requirements Oversight Council (JROC), and in April 1987, Secretary Caspar Weinberger designated VCJCS Admiral William Crowe as the permanent chairman of the JROC. The power and influence of the VCJCS, as the

Chairman to the JROC, began to be perceived among the departments as the JROC started to look at the unnecessary redundancy in the major defense acquisition systems. More importantly, it began to do something about them.

Prior to 1994, the JROC did not discuss the issue of acquisition costs in any detail, nor did it analyze any cross-service uses for the systems reviewed. Clearly, JROC was moving slowly, not wanting to provoke controversial turf battles at the outset. The JROC did not discuss trade-offs of large-ticket items that were approved through the process. It was more concerned with service compatibility of these major items than cost-saving, joint resourcing issues. However, after Admiral Owen's changes to the JROC process, it began taking a more corporate overview. Then it started considering joint resourcing issues and PPBS.<sup>11</sup> The evolution of the JROC has led to more discussions of the core competencies of the services and of key issues of the DoD, to include roles and missions and resource allocation. Finally, a joint perspective for major acquisition resourcing is beginning to coalesce at a critical organizational level.

Yet it took several more years to make any major changes in how the defense resources were being spent. Not until 1994, when Admiral William A. Owens took over as the VCJCS and Chairman for the JROC did things start to change. A new mind-set favoring jointness in both military operations and resourcing was starting to take place, as we can see in Admiral Owens' observations:

. . . the fundamental reason for having joint operations is to increase overall combat effectiveness . . . The question of whether joint operations are desirable has been resolved for some time. Everyone agrees that they are here to stay and should stay fundamentally because they increase the efficiency by which the Nation uses military power. The outstanding question is what jointness means in a practical sense which can be resolved only through experience-by experimentation, doctrinal development, and military exercises.<sup>12</sup>

The concept of joint operations should lead to joint funding and review by the Joint Chiefs of Staff and the Secretary of Defense. The JROC has slowly gained more power as fiscal resources for defense have been steadily declining.

General John Shalikashvili, CJCS, started to rely heavily in 1994 on the JROC to help him prepare his Commander's Assessment, mandated under PL 99-433. This requirement has further expanded the importance of the JROC, solidifying its link between the acquisition process and PPBS for defense resources.<sup>13</sup>

Senior military leaders have for quite some time needed to become more aware of what the other services were doing and procuring, especially when it came to the big-ticket items (acquisitions costing over \$2.5 million per copy). The services could no longer afford the luxury of procuring whatever they needed without regard to the compatibility of such acquisitions with the other services. Our military now seeks jointness, which has led to a need for compatible systems.

Admiral Owens made four basic changes to the JROC process between April 1994 and February 1995:

- (1) An increased number of JROC meetings, to include off-sites, all-day discussions with the JCS, CINCs and other JROC

members to identify joint military requirements.

(2) Establishment of JROC liaison offices at the CINCs to become integral parts of their operations.

(3) Establishment of the Joint Warfare Capabilities Assessments (JWCAs) as a new analytical tool which covered ten interacting warfare areas and

(4) Establishment of a more direct link from JROC to the PPBS in the Pentagon, using the JWCA process.

It was clear that the new JROC process was intimately tied to DoD's PPBS by the summer of 1995, given the emphasis the CJCS and VCJCS placed upon it.<sup>14</sup> The Chairman's Program Assessment, which was the annual document prepared by the JCS for the SECDEF on military requirements prioritization, further emphasized the link between PPBS and the JROC. The Chairman's Program Recommendations was also established to be an overall view of the first step in the annual programming cycle on what the services needed.

The JWCAs also take on a joint, cross-service programmatic perspective. A JWCA takes a comprehensive look at jointness, joint warfighting, readiness and resource allocation requirements. A JWCA cannot alter the force structure devised under President Clinton's 1993 Bottoms-Up Review. But, they can point out excessive duplication of efforts and recommend acceptable risk levels for each warfighter mission.<sup>15</sup>

The ten JWCA assessment areas are: Strike; Land and Littoral; Strategic Mobility & Sustainability; Sea, Air & Space Superiority; Deter/Counter Proliferation of WMD; Command and Control; Information Warfare; Intelligence, Surveillance, & Reconnaissance; Regional Engagement/Presence; and Joint Readiness. Each assessment area is assigned to a specific directorate on the Joint Staff, which conducts the assessments. The ten assessment areas listed above were identified by Admiral Owens "to ensure that decisions on current and future weapon programs are made in such a way to improve US joint warfighting capabilities."<sup>16</sup> He purposefully established the JWCA's in an unconventional way to stimulate new ideas and generate fresh solutions to the difficult challenge of the post Cold War defense world.

The Fiscal Year 1996 Defense Appropriation Act gives the JROC even further impact over the Military Departments. The Act specifies JROC's mission as follows:

- (a) ESTABLISHMENT.-The Secretary of Defense shall establish Joint Requirements Oversight Council in the Department of Defense.
- (b) MISSION.-In addition to other matters assigned to it by the President or Secretary of Defense, the Joint Requirements Oversight Council shall-
  - (1) assist the Chairman of the Joint Chiefs of Staff in identifying and assessing the priority of joint military requirements (including existing systems and equipment) to meet the national military strategy;
  - (2) assist the Chairman in considering alternatives to any acquisition program that has been identified to meet military requirements by evaluating the cost, schedule, and performance criteria of the program and of the identified alternatives; and
  - (3) as a part of its mission to assist the Chairman in assigning joint priority among existing and future programs meeting valid requirements, ensure that the

assignment of such priorities conforms to and reflects resource levels projected by the Secretary of Defense through defense planning guidance.<sup>17</sup>

The JROC and PPBS both seek the same goal of "adjusting the parochial interests of separate military services to produce a better whole, one that achieves cross-service resource allocations yielding an overall national defense capability more than the sum of separate service capabilities."<sup>18</sup>

With this new JROC process, the establishment of the JWCAs in the matrixed configuration, and the increased importance of the Chairmans Program Assessment and its validated, service-concurred upon recommendations, PPBS is in fact changing for the better. This shift of mind-set from "protect your turf, to include your resources" to a more corporate, big "defense" approach to meeting our Nation's Security Strategy has been slow in coming. Yet we are certainly heading in the right direction.

**External changes by Congress.** Along with these changes internal to DoD, Congressional review of DoD budgets has also changed since 1961. All of DoD's operating and investment funds; other procurement, research and development, and weapons, to name a few, remain subject to annual authorizations. No longer is it an "insider's game" at the SECDEF level, as it was before McNamara's time.

The Congressional Budget and Impoundment Control Act of 1974 established a process by which Congress must explain its decisions on how it divided up the total federal budget

authority, to include defense resources. A major feature of the Act was a provision for Congressional budget resolutions to set fiscal policies and spending priorities. These resolutions were then used to disseminate ceilings amongst the various spending categories.<sup>19</sup> The Act posed an obvious threat to the defense budget process, forcing defense to compete against politically popular domestic programs.

The Congressional reviews targeted a variety of strategic and conventional weapon systems. This action resulted in further delays in appropriating funds, but it did not totally terminate these programs. "In part, expenditures were tightened through DoD reforms aimed at improving procurement practices, reducing support costs, and expanding the capabilities of existing forces."<sup>20</sup> Also Presidents Johnson and Nixon took a quantitative approach in their defense budgets: "On Feb. 18, 1970, [President] Nixon also announced that subsequent defense planning would be based on a 'one-and-one-half-war' strategy, rather than the 'two-and-a-half-wars' planning concept used by [President] Johnson."<sup>21</sup> This past strategy is very similar to our current defense strategy of "...help(ing) defeat aggression in two nearly simultaneous major regional conflicts."<sup>22</sup> The fiscal years 1996 and 1997 DoD budget was built upon this criterion.

Under the Carter administration, real defense spending rose each year. By the end of his term in 1981, the composition of the defense budget shifted towards the investment accounts (ie. weapons, ships, aircraft, etc.), which had been reduced after the

Vietnam defense drawdown.<sup>23</sup> By the 1980's there seemed to be a consensus in Congress that defense budgets were seriously inadequate. This perception led to the Reagan administration's defense budget build-up. The Reagan defense plan tilted heavily towards the investment accounts; it stressed future capabilities, the quantity and quality of military forces supported by both the United States and the Soviet Union.

In 1982, Army Chief of Staff General Edward C. Meyer recognized the lack of cross-service perspective or jointness in military operations. The first logical place to instill jointness in the PPBS arena was on large ticket items, or in the defense acquisition process. Three years later, in October, 1985, a Senate Committee on Armed Services staff report entitled Defense Organization: The Need for Change linked the issues of large ticket items and the defense acquisition process. The report cited an absence of an effective joint military perspective in the acquisition process. The following year, the Goldwater-Nichols Defense Reorganization Act of 1986 became law.<sup>24</sup> Jointness had indeed arrived.

#### **Goldwater-Nichols Defense Reorganization Act of 1986.**

Public Law 99-433, "Goldwater-Nichols Department of Defense Reorganization Act of 1986," dated October 1, 1986, (hereafter referred to as G-N Reorg Act) reflects the frustrations of Congress in dealing with DoD over the years.

The Act establishes, among other things:

a Comptroller of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate. The Comptroller shall advise and assist the Secretary of Defense--

(1) in performing such budgetary and fiscal functions and duties, and in exercising such budgetary and fiscal powers, as are needed to carry out the powers of the Secretary;

(2) in supervising and directing the preparation of budget estimates of the Department of Defense; etc.<sup>25</sup>

For the first time, Congress expressed interest in joint resourcing.

The G-N Reorg Act affected defense planning and budgeting in many ways. The SECDEF was directed to annually provide each service with written guidance for preparing their program and budget submissions. The guidance must include the national security objectives and policies, prioritized military missions and resource levels. The SECDEF also furnished the Chairman of the Joint Chiefs of Staff (CJCS) information on force levels for his use in preparation and review of contingency plans.<sup>26</sup> The Act further requires the SECDEF to include separate budget estimates for the CINCs in areas of joint exercises, force training, contingencies and other selected operations. The Chairman, JCS, then informs the SECDEF of the extent to which his budget complies with established priorities. These priorities have been built from the combatant commanders' submissions.

"The law [PL 99-433] specifically designates CJCS as the principal military advisor to the National Command Authority (NCA)."<sup>27</sup> The G-N Reorg Act acknowledges duplication between the

services and attempts to consolidate and cut the redundancy in the military structure.

The Reagan defense budget build-ups during the 1980s began to taper off with the fiscal year 1989 defense plan submitted by SECDEF Frank C. Carlucci. The fiscal year 1989 plan called for reductions in the force structure and cancelled some weapon systems. Carlucci admitted that, "Resource constraints have forced us to accept increased risks to our security and a smaller force structure as we strive to preserve required levels of readiness and sustainability."<sup>28</sup>

We began to see a change in our defense strategy following the end to the Cold War, with the fall of the Berlin Wall in 1989. In an April 19, 1990, statement to President Bush, Senator Sam Nunn, Chairman of the Senate Armed Forces Committee, declared,

... the threat has changed significantly over the last year, and many of these changes present opportunities for substantial reductions in U.S. military expenditures over the next several years. The question today is not whether we reduce military spending. That is inevitable. The question is whether we reduce military spending pursuant to a sensible military strategy that meets the threats of today and tomorrow....a new resource strategy is long overdue. The defense budget has been on a roller coaster. During the first half of the decade, the budget shot up very quickly. The Defense Department developed five-year plans with huge funding increases in the so-called 'outyears.' These unrealistic outyear projections distorted the defense budget by letting the services start many more programs than they could actually afford to buy. The services created a 'bow wave' of procurement plans that were very doubtful at the outset and that now cannot be accommodated in shrinking budgets. This is the primary reason why cuts today, even in light of a reduced threat, are so difficult and painful.<sup>29</sup>

The defense budget is always at a disadvantage in long-term

budget competition because it accords no tangible benefits and depends upon the perception of threats. Since the end of the Cold War, where the threat was clear and well-defined, the defense budget has received closer scrutiny by Congress. Defense allocations have been declining annually. Our military budget strategy needed to change with the changing military defense strategy. It needed to extend past the traditional five-year programming period. With the severe cuts to defense research, development and investment accounts, DoD faced a greater risk of failing to realize the nation's security challenges. DoD needed to get smarter in using diminishing resources.<sup>30</sup>

The G-N Reorg Act also expanded and strengthened the role of the CJCS. However, Congress did not provide the tools needed to carry out this task. The CJCS needs more authority in four areas, all related to joint readiness:

Congress must address this oversight by amending the current law....As established by Goldwater-Nichols, the expanded, interrelated CJCS functions include:

- developing doctrine for the joint employment of the Armed Forces
- performing net assessments to determine the capabilities of the Armed Forces
- formulating policies for joint training
- establishing and maintaining a uniform system of evaluating preparedness."<sup>31</sup>

Congress did not address joint resourcing of our Armed Forces. Although the Joint Chiefs have a large exercise budget, these funds generally pay for only the cost of moving the personnel and equipment to the exercise location. The Reagan defense budget build-ups focused on quantity, rather than on quality or service compatibility. The CJCS was out of the chain-

of-command until PL 99-433 was passed. Since the passage of PL 99-433, the CJCS now has the ability to influence these areas of doctrine, assessments, readiness and funding. Now we are perceiving joint funding issues as a necessity in order for DoD to meet our national security policy goals.

#### **CONCLUSIONS AND ISSUES FOR CONSIDERATION**

This paper has reviewed the evolution of PPBS as a tool for defense resourcing and has explored the many changes to the system that focus on managing resources more effectively. The JROC is not the answer to DoD's problem of matching declining resources to the rapidly changing world environment and uncertain threats. Nor will it totally improve the resource allocation process, since it deals only with the major, high-ticket acquisition items. Certainly, we can not expect the Vice Chiefs of the military services to get into the intimate details of how defense resources are allocated. In addition to making decisions on major high-ticket items, they could take one step further and explore how defense resources can be better managed at the installation level through consolidation of base support services.

The logical next step would be for the services to assume a more corporate mindset by reengineering the delivery of services, including the elimination of any duplicative services within a geographic area. The recent force structure changes of the

drawdown and Base Realignment and Closure studies have set precedence for consolidation of installations as well as functional elements within all military departments. And, the JROC performs a similar function for the war-fighting capabilities of our services. However, little effort has been directed to consolidating human resource support services at the installation level, especially in geographic areas with a high concentration of multi-service military presence, such as Fort Lewis and McChord AFB, in Washington and Fort Bragg and Pope AFB in North Carolina. Such functions include, but are not limited to, family service centers, family housing and installation engineering offices, military and civilian personnel offices, resource management offices, morale, welfare and recreation services, and transportation services.

While we must acknowledge the social, economic, and political impediments to effectively managing DoD systems and resources, final decisions must be based on the overall good of the DoD and the American taxpayer. From this yardstick, many of these decisions should be intuitively obvious. A joint DoD installation resource office could provide the same level of service and support to any military or family member, regardless of service affiliation. At the same time, each service could reduce staffs which previously managed installation resource, policy and support issues.

Reengineering the delivery of human resource support services that directly impact the quality of life for military

and family members would have far reaching implications and benefits. Not to mention overall defense cost savings.

In addition to reengineering these human resource support services, a change in the PPBS would be required to more effectively manage DoD resources as a single entity. The PPBS has evolved differently in each of our services. Yet it still provides the basis for all defense resource decisions. With the JROC looking at the high-ticket investment items in a "purple" fashion, I suggest we need to revamp the PPBS to do the same for the remainder of the defense resources. We need to cut out the redundancy among the services in the budgeting area and the overlap at the DoD level. Each service needs to be speaking off the same sheet of "budget" music, which is comprehensive, yet easy to understand. The budget exhibits being prepared at the lowest levels of the services -- at the installation, aircraft, ship, tank or personnel level -- needs to be simple and comparable across the services. DoD should have a standardized set of budget schedules and forms which are easily accessible to each service. This should be done from the lowest level of input up to the highest levels, ending at DoD for comparison and cross-leveling purposes.

The changes I have proposed will no doubt take many years to accomplish. Some among the "Old Guard" will bitterly oppose them. Also, these changes will require the civilians who run DoD installation support services and PPBS to be fully versed in what each service has to offer and what our national policy towards

defense is or how it ought to be. We need to eliminate costly redundancies. Appropriate, all-encompassing DoD systems can do this. Most of the resources we need are out there in each of the services. We just need to tap into them, consolidate them, combine them and make them joint! If we do it right, in the end we will have more to spend and better programs in the aggregate.

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